

NSC DRAFTING

5 June 1955

SOUTH VIETNAM--BACKGROUND

1. The government of South Vietnam continues to make steady though unspectacular progress. Despite an undercurrent of criticism against President Diem's authoritarianism, the government is slowly broadening its base and has begun to attack pressing economic problems. The Viet Minh, however, has not abandoned its subversive efforts.
2. Two recent developments have especially contributed to rising self-confidence in the south. These are the final withdrawal of the French Expeditionary Corps and the deferment of the scheduled July unification elections as a result of recent talks in London between representatives of the British and Russian Geneva co-chairmen.
 - a. The three-power International Control Commission was asked to continue its supervision of the truce despite the disbandment, on 29 April, of the French High Command, one of its guarantors. The Diem government has reiterated its view that reunification is desirable on the basis of genuinely free election, but that such elections are impossible as long as the north is under Communist control.
3. A constitution for South Vietnam will be adopted some time before the end of June. It will undoubtedly reflect the government's close study of the American and Philippine models and will provide for a separation of powers and a guarantee of

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individual rights. Effective control will remain with the presidency, however, and certain limitations will be placed on political activity as a result of Dien's conviction that full democracy must be withheld until the danger of Viet Minh subversion subsides and an enlightened electorate is developed.

4. South Vietnam's preoccupation with political and security matters has heretofore permitted little progress in solving serious economic and social problems that stem from the distortions of the war and emergence from colonial status. Dien is extremely conscious of the danger of Viet Minh exploitation of economic and social discontent, however, and has recently initiated corrective action in these fields.

5. A start has been made in implementing long-planned agrarian reforms. The government's program for permanently integrating more than 600,000 northern refugees into South Vietnam's economy is beginning to move smoothly, with impressive results apparent at the large Cai Lan resettlement camp in the western region. Furthermore, in an effort to increase and broaden the country's production, the government is taking steps designed to attract foreign investment.

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